

Measuring our progress

Our strategy is to combine sustainability and innovation to deliver growth. We measure our progress against each of these priorities through a range of KPIs.

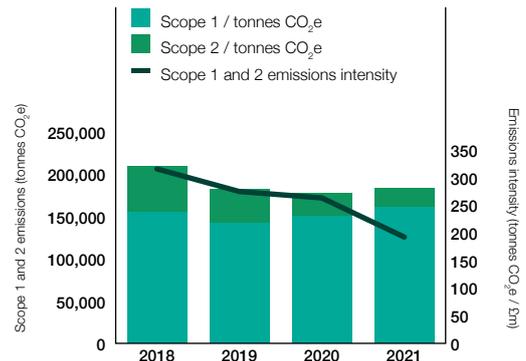
Sustainability + Innovation = Growth

Scope 1 & 2 emissions and intensity* R

Definition: Our operational emissions (associated with burning fuels onsite and purchased electricity), both in absolute terms and as emissions intensity. Our chosen measure of emissions intensity divides our GHG emissions (market-based scope 2 emissions) by value added, a measure of our business activity*.

Target: By 2030, we will have achieved our Science Based Target, reducing emissions in line with limiting global warming to no more than 1.5°C above pre-industrial levels.

Performance: Since 2018 our scope 1 & 2 emissions have reduced by 12.7%, in line with the absolute emissions reduction pathway required to achieve our verified Science Based Target. This has been driven by a 60% reduction in scope 2 emissions following a switch to renewable electricity at our manufacturing sites. Since 2018 our emissions intensity has improved by 39% and we are successfully disconnecting growth from emissions. For more detail see Sustainability on page 39.



Land area saved (hectares) R

Definition: Land area saved through the application of our crop protection and seed enhancement technologies, using 2019 as our baseline year.

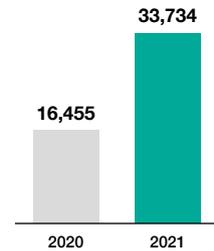
Target: Throughout this decade, the land saved through the application of our technologies will exceed any increase in land used to grow our raw materials by at least a factor of two, and by 2030 we will save a minimum 200,000 hectares per year more than in 2019.

Performance: In 2021 the use of our agricultural ingredients and new technologies saved 33,734 hectares of land compared to our 2019 baseline. This puts us on track to achieve our 2030 target that the land we save outpaces the land we use as our business grows by a factor of at least two. Read more in our Sustainability section on page 33.

Land area saved

33,734

hectares of land saved over the 2019 baseline



Health and wellbeing**

Definition: The number of pipeline vaccines that we are contributing to that combat the World Health Organisation's (WHO) 24 priority diseases.

Target: By the end of 2024, our technology will be contributing to at least 10 clinical phase III trials across at least 25% of the WHO-listed pipeline vaccines.

Performance: We have continued to increase engagement with teams researching WHO-listed pipeline vaccines and are now supporting 79 projects (2020: 32) contributing to tackling 15 of the 24 priority diseases.

15/24

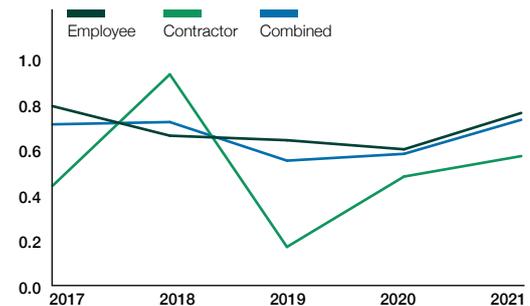
Our smart science is contributing to vaccine projects combatting 15 of the WHO's 24 priority diseases

Total Recordable Injury Rate[^]

Definition: The number of incidents per 200,000 hours worked where a person has sustained an injury, including all lost time, restricted work and medical treatment cases.

Target: Achieve TRIR of 0.3 by the end of 2024, with an interim target of 0.6 for 2022.

Performance: The headline TRIR increased from 0.58 to 0.73^{*} in 2021. Injury rates at the sites of recently acquired businesses are, on average, higher than established Croda sites and while they are reducing as integration progresses, their inclusion has driven an increase in the overall Group TRIR. There was also a small increase driven by existing Croda sites as a return to more normal working patterns has seen increased recordable injuries. To read about our performance and safety initiatives see page 36 of our 2021 Sustainability Report.



* See page 39 for our definition of value added and further detail on our emissions intensity.

** Our People Positive strategy encompasses various targets and cannot be represented by a single KPI. In 2022 we plan to implement an employee engagement KPI for reporting. We have also introduced a specific gender balance target to our Remuneration Policy for 2022.

[^] Both the 2021 and 2020 TRIR include businesses acquired but exclude workplace related COVID-19 cases.

Key:

R Remuneration:
KPIs that form part of our Remuneration Policy. See page 88.

Innovation

New and Protected Products (NPP) sales % R

Definition:

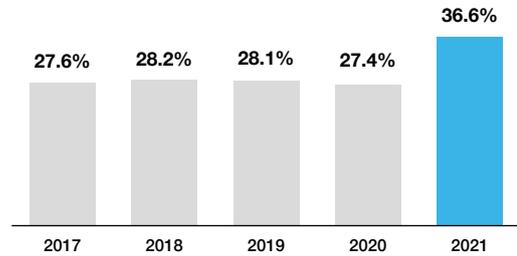
Proportion of sales from NPP (in constant currency). NPP products are sales protected by virtue of being either newly launched, protected by intellectual property or by unique quality characteristics.

Target:

NPP sales to grow ahead of sales growth.

Performance:

NPP sales increased from 27.4% in 2020 to 28.0% on an organic basis, or to 36.6%, including the impact of the Iberchem and Avanti acquisitions. This reflects strong sales of lipid systems and a high NPP percentage at Iberchem where a large proportion of sales are of new products due to ongoing innovation within that business model. Read more about innovation in Identifying unmet needs on page 4.



Sales growth (%)

Definition:

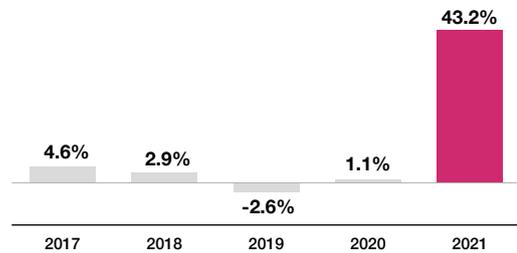
Total sales growth measured at constant currency.

Target:

Mid-single digit % growth in Consumer Care. High-single digit % growth in Life Sciences. Excluding raw material price recovery.

Performance:

Sales growth in 2021 was 43.2%, driven by an excellent performance across all sectors including 52.9% growth in Consumer Care and 53.5% growth in Life Sciences. Acquisitions contributed 16.9% to sales growth, but excluding acquisitions underlying sales growth was 26.3%.



Return on sales (ROS) (%) R

Definition:

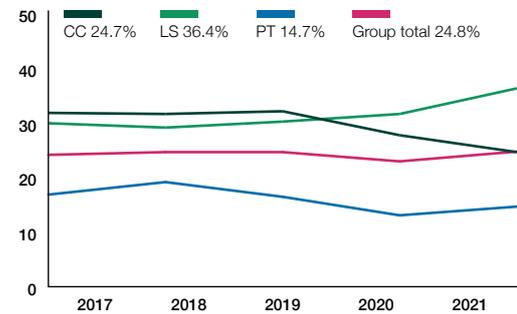
Adjusted operating profit as a percentage of sales.

Target:

Improve ROS in Consumer Care. ROS similar to current levels in Life Sciences.

Performance:

Group ROS increased by 180 basis points to 24.8%. Consumer Care ROS was 24.7% (2020: 27.8%) reflecting the dilution effect from F&F, which operates at structurally lower margins than Personal Care. Life Sciences ROS was 36.4% (2020: 31.7%) reflecting strong growth in higher-value patient health technologies.



Growth

Return on invested capital (ROIC) (%)

Definition:

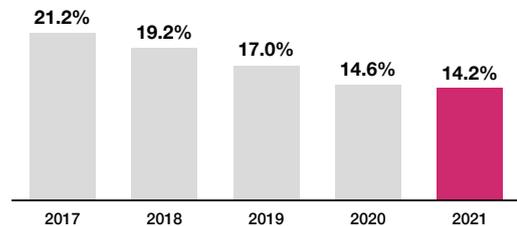
Adjusted operating profit after tax divided by the average adjusted invested capital. Adjusted invested capital represents net assets adjusted for net debt, earlier goodwill written off to reserves and accumulated amortisation of acquired intangible assets.

Target:

ROIC of two to three times cost of capital.

Performance:

The post-tax return on invested capital ("ROIC") was broadly flat at 14.2% (2020: 14.6%). Despite a significant increase in average invested capital due to the annualisation of 2020 acquisition activity, the growth in adjusted operating profit net of tax resulting from these investments, together with underlying growth, broadly offset this. ROIC continues to be more than twice the Group's cost of capital.



Adjusted basic earnings per share (EPS) R

Definition:

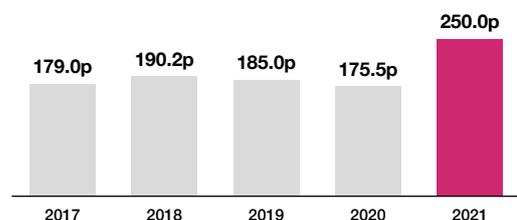
Adjusted profit after tax divided by the average number of shares in issue.

Target:

At least mid-single digit % EPS growth per annum.

Performance:

Adjusted earnings per share increased by 42.5% to 250.0p. This growth was driven by excellent profit growth and a marginally lower tax rate of 21.2% (2020: 24.1%) offset by an increased number of shares in issue following the equity placing in 2020.



 To read more about our financial performance see Finance review P46